

**Fiscal Year 2010 DEQ Fee Proposal
Shorelands Protection and Management (Part 323) Fees
November 6, 2008**

Program Description. The Shorelands Protection and Management Program is comprised of three distinct programs: High Risk Erosion Area (HREA), the Flood Risk Area (FRA), and the Environmental Area (EA). Each of these programs regulates development within designated coastal areas. The HREA Program is a hazard mitigation program, responsible for identifying Great Lakes shoreland areas that are experiencing rapid erosion and, within those areas, establishing setback requirements that regulate placement of new construction. The FRA Program is also a hazard mitigation program responsible for identifying Great Lakes shoreland communities where the coastal flood hazard is severe. Within areas prone to flooding in these communities, elevation standards and permit requirements are established for new construction. The EA Program identifies and designates coastal areas determined to be necessary for the preservation and maintenance of fish and wildlife. Potential development activities are regulated within these critical areas.

MCL Citation. MCL 324.32301

Sunset Date. The sunset date for the Part 323 permit fees is October 1, 2011.

Last Fee Increase. The Part 323 permit fees have not been increased since 1996.

Who Pays the Fees? Of the fee payers, about 80 percent are private property owners, commercial and residential developers, business and industry. The other 20 percent include local, state and federal agencies such as the Department of Natural Resources, Michigan Department of Transportation, Natural Resources Conservation Service, and United States Forest Service.

Services Provided. Land and Water Management Division staff conduct the studies needed to update the areas subject to the high risk erosion designation. In addition, approximately 200 applications are processed each year. Regulated activities include construction of buildings in high risk erosion areas and flood risk areas and alteration of vegetation and/or drainage, dredging, filling, grading the soil. The permits are designed to ensure that economic development at the land/water interface will not threaten natural resources or cause property damage.

Benefits of the Services Provided. The flood risk and high risk erosion portions of the program reduce hazards to property owners by elevating or locating buildings and septic systems away from identified threats. The environmental area program protects critical habitats. Staff often provide expertise on water levels, shore protection, rates of erosion, and building designs that are compatible with the site risks associated with these areas.

What Happens Without The Services? In the 1980s scores of people lost homes that were destroyed by erosion and more were forced to relocate homes landward due to Great Lakes erosion. In addition, hundreds of home owners constructed costly shore protection needed to protect their investments. Without these services, losses will continue to occur when water levels increase.

Current Fee Revenue. The LWMD saves citizens time and money by providing one consolidated permit for up to six regulated activities. The charge for this permit equals the cost

of the fee for the highest single permit, although the permit authorizes multiple regulated activities to take place. Therefore, it is not possible to project fees separately for shoreland protection activities.

Proposed Fee Revenue. The current combined Land and Water Management Division (LWMD) fee schedule yields approximately \$2 million annually, and the proposed increase will yield approximately \$3.2 million.

Service Improvements and Efficiencies. The LWMD has employed technology to improve the accuracy of high risk erosion study updates. The high risk erosion program has been closely integrated with the Critical Dune Area Program (Part 353) where the programs overlap. This provides the applicant a more efficient review of their project. Coordination with local building officials and health departments makes permit processing faster. While the LWMD has implemented many of the Value Stream Mapping (VSM) process improvements recommended by the stakeholder/ DEQ permit review team, full implementation is not possible without additional staff resources, as identified by the VSM team.

Service Reductions. Over the past year and a half the LWMD conducted an extensive internal review of available resources and workload requirements. Concurrently, with this review, the LWMD was the subject of a nine month evaluation by the Director's Environmental Advisory Council (EAC). Both efforts identified a critical imbalance between workload and available resources. A workload reduction plan has been implemented, with full EAC support, to better align staff work efforts with priority duties in the division. Service reductions include discontinuation of site visits during minor permit reviews, no response to complaints from the public that fit the LWMD low priority category and severely limited outreach to the regulated community.

Impact Without Fee Increase. As indicated above, the LWM permit fees are based on the highest fee of the activities being sought for permit, and are not maintained by program. Therefore, the impact of the outcome of this fee proposal effort will have to be evaluated across all of the programs. At a minimum, the level of service available will be limited. Should a lack of funding require that the Shorelands Protection and Management Program be eliminated in order to sustain other LWMD programs, the impacts will be as follows:

The building setbacks established under the HREA Program would no longer be required. The loss of buildings along erosion prone Great Lakes shorelands will likely increase. Failure to perform program activities will result in a loss of coastal habitats necessary for the preservation and maintenance of fish and wildlife and loss of buildings due to coastal flooding and erosion.

Statutory amendments would be needed to eliminate the responsibility to administer this program should funding not be provided.

A portion of the fee request is to allow the division to upgrade the permitting database which is over 20 years old, as well as to integrate the various other databases that have been created to supplement this antiquated system. The current database is not capable of being upgraded and does not allow the information tracking that is necessary to comply with current statutes, respond to requests relative to LWMD programs from internal or external interests, nor to easily respond to legislative reports and inquiries. Without an update, the database will continue to be out of compliance relative to security and financial control issues.

**Proposed Fee Schedule
Shorelands Protection and Management Program**

ACTIVITY	CURRENT FEES	2009-2010 PROPOSED FEES
Commercial, Industrial, Institutional, or multi-family residential project	\$500	\$1,200
New single family residential building or mobile home	\$100	\$600
Relocate permanent structure on a property in a high risk erosion hazard area	New	\$500
Addition to a single family residential project, accessory and related buildings, a swimming pool or deck that has a roof or walls, a septic system or tile field, other waste handling facilities, or a project that has minor impact on fish and wildlife in	\$50	\$350
Update recession rate data, single parcel	New	\$800
Update recession rate data, each adjacent parcel	New	\$150
Pre-application Meeting – In Office for a Single Residential Lot < 1 acre	New	\$0
Pre-application Meeting - On-Site for a Single Residential Lot < 1 acre	New	\$150
Pre-application Meeting – In Office for all other projects	New	\$100
Pre-application Meeting - On-Site for all other projects	New	\$250 plus \$50 for each additional acre (not to exceed \$1,000)
Minor Permit Revision / Transfer	New	\$300